

Financial Planners Talk

How to bring tailored advice to the mass market using technology



with

Adele Martin

Money Mentor & Founder of Firefly Wealth

Issue

Firefly Wealth founder Adele Martin knew there was strong demand for a money management service but, after trialling a range of technology, hadn't found a way to efficiently offer it to multiple clients.

Solution

Adele spoke to Moneysoft about her needs for two years before committing to rolling out money management tool Moneysoft Pro across her practice. She now has two service offerings that use a range of technology to scale the service across multiple clients.

Result

Adele's practice has quickly generated an extra \$20,000 in revenue by using technology to scale her standalone savings solution while creating a pipeline of leads that become full financial planning clients.

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When did you start viewing cashflow and budgeting as a fundamental part of your advice service?

I've been in the industry for 17 years and I used to be a partner in a retiree practice – even then, we would have the cashflow discussions. People would come in and say 'how long will the money last?' We used to work it out manually through a Macquarie CMT and on Excel spreadsheets.

I started my own business five years ago focusing on younger clients in their 20s to 40s. I started using Xero. It worked but it wasn't client friendly – it's designed for accountants and bookkeepers. I was looking for a solution but I talked to Moneysoft for two years before I made the plunge about eight months ago.



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A lot of people who have never been to a planner would think budgeting and cashflow is a fundamental part of the service, but it often hasn't been.

For me it's step one. I work with a lot of business clients as well and a good business will look at their cashflow. What they can afford; can they use marketing; can they put an extra person on; can they expand? They use real numbers to make their decisions.

A household is exactly the same. When a client comes in and says, 'can I afford to have 12 months maternity leave?' or 'what if we buy this new house?' I come back to mastering your savings first. When we know what they're spending, that's the baseline of what we do. We do all the other stuff - investing, super, insurance - but what we constantly keep an eye on is income and expenses, just like a business does.

What is the biggest thing holding advisers back from offering this service?

They're worried that it's going to take a lot of admin work. I've overcome that by thinking big - how's this going to

work for a hundred or thousand clients? I'm always thinking about scale and automation. There's two ways I do it.

In our standalone savings solution, clients do it by themselves with our ongoing coaching. Moneysoft's software is easy enough for them to do it themselves and they have also put together some good training videos that give step-by-step instructions.

They become a full financial planning client once they're saving money. We set them up on Moneysoft in that program.

Offering a cashflow service is scalable when you do it on a group level. I've got a Facebook Group and hold a webinar maybe once a month. That's a check-in with everyone rather than one-on-one - I think about 'one-to-many'.

It's also about having great systems and processes. I've got an email that sits on the back of it (you can use Moneysoft's email services as well) so they're constantly being nurtured in the background. I do regular Facebook Live video streaming events to really get them engaged, but rather than doing it one-on-one, doing it one-on-many.

The budget solution I used to do one-on-one was very, very time consuming for me. I would have to have two or three meetings just to set it up. What we're now doing is taking me out of the equation and getting clients to watch videos. They set themselves up and they do it all themselves with the Facebook Group there, to support them.

I think we've got 30-plus people in there now and I haven't had to see them one-on-one. I've sold the service from a webinar or from a live event. They haven't had to see me other than via the group. Then we transition them into full financial planning clients – not all of them but a percentage.

They're profitable clients either way?

We've made about \$20,000 without me having to do any extra work after building it once. I'm still in the transition phase but 10-20% would go on to become full financial planning clients.

There's a balance between how much responsibility planners should take for cashflow and budgeting and how much the client needs to take. You're empowering them, not micro-managing their spending and technology allows that.

You can do a Facebook Live group session towards the end of the month saying, 'how's everyone going?' You can see who hasn't logged into Moneysoft for a while and give them some extra nurturing – an extra email or a text message to engage.

When I initially teach them how to use it, it's not one-on-one, it's one-on-many. That then becomes something they do in the background.

They're on the app all the time, we've given them steps, set up all the rules so it's easy. They get in the habit of choosing a day once a week to reconcile any cash transactions or something that is uncategorised. We break it down step-by-step and send them the reminder emails or texts. We also jump in the Facebook Group and send reminders – it makes it more manageable.

The financial services industry spends a lot of time looking at which products are leading the investment performance tables. But we can't answer more common financial planning questions like where people are making common spending mistakes, even though this would make a bigger difference to most people's lives.

Absolutely. As a result of this I said to a client, you're going to have to earn more income because you've cut your extra expenditure now. She's a single female living in Sydney who has made every lifestyle saving she possibly can.

I compared her to the average single person using Moneysoft's data and her expenditure was lower across all spending categories. If she wanted to get ahead she needed more income. So I helped her negotiate an extra 20% pay

rise. It wouldn't have been possible without that spending data.

I can't control investment returns. I've done this for long enough to know there will be good and bad years or one fund manager outperforms another – it's swings and roundabouts. That's why we already have an index-focus with our funds.

My clients can control their expenditure. So, we can answer questions such as 'can I afford that new house?' with confidence. If they don't understand their cost of living, they're making important decisions with guesswork.

For me, I come back to goals-based planning – everything I do is around goals which means you have to understand the cost of living to do anything with certainty.

Spending issues can make more of a difference than whether you've picked the right manager. What are some common client spending problems you see?

I see a lot of overspending on food. They have no idea until we show them the data on how much they spend. When they see that they sometimes don't believe it. I had one client who was spending \$700 a week and they said, 'no that's not right'. I had a mild panic attack that maybe there was some sort of double up, but it wasn't, it was what they were spending, and they were shocked. It often comes back to meal planning.

More recently it's Uber. The problem is unconscious – almost zombie-like spending. Moneysoft helps us be conscious. When we used to pay with cash we were all much more conscious of spending. If I hadn't picked up one client's spending on Uber they could have spent \$20,000 on it for the year. That's what she was on track for, but we picked it up in a couple of months.

Personally, I realised Foxtel had cost me \$14,000 over 11 years. It was unconscious spending, but when it's in your face you start to make sure money is directed towards your values. When we're on autopilot that doesn't happen.

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Engagement is always a big challenge and, given the Royal Commission, financial planners more than ever need to justify their ongoing service fees. How much does budgeting, cashflow and Moneysoft help you to engage?

It helps to gamify it. It's why clients like fitness apps like MyFitnessPal and I like to use parkrun on the weekend: it lets you compare yourself to other people. Moneysoft is the only app that benchmarks expenditure against others. It also makes clients sticky because they upload their receipts and generate tax reports. It's not just around the budgeting, it has other stuff as well that helps them be organised.

There was a discussion in the XY Advisers Facebook Group about the challenge of getting clients in for their review.

For a start, don't use the word 'review' – it sounds boring – and no one wants to come in and be told that they need more or less insurance. If you can't get clients to come in because you're offering a service that they don't want, like a review of their super, then you need to think about the services they do want.

This is a way to add value and get clients engaged. They then become interested in the review (and insurance). The words I hear the most from people after they do this is they 'feel more in control' because they know where they're heading and have more certainty.

I know people want it because when I did it with my team we were doing it for clients and then two of my team said, 'is it ok if we use it?'. That told me everything I needed to know.

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It comes down to what value an adviser can really bring clients. Technology should enable that, not threaten it.

In future, voice technology will simplify much product advice. You'll be able to ask Alexa 'what's the best income protection policy for me?' and she'll already know your email history, your job, what you earn, your tax records... and she'll quickly produce the answer.

So where can an adviser add benefit? It's in the goals-based area which goes back to fundamentally understanding a client's numbers.

It's becoming even more important in today's world where people have multiple sources of income, which varies over time, particularly in the share economy. They need help. People won't have one job for life. This is going to be the future as we become goals-based life coaches. It needs the human touch.

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